

**IOWA RACING AND GAMING COMMISSION
MINUTES
OCTOBER 6-7, 2010**

The Iowa Racing & Gaming Commission (IRGC) met on Wednesday, October 6, 2010 at the Hotel Julien, Dubuque, Iowa. Commission members present were Toni Urban, Chair; Paul Hayes, Vice Chair; and members Kate Cutler, Andrea Rivera-Harrison and Greg Seyfer.

Chair Urban called the meeting to order at 8:30 PM and advised that Agenda Item 9 was being renumbered as A, B and C, with each item being voted on separately. She requested a motion to approve the agenda as amended. Commissioner Cutler so moved. Commissioner Harrison seconded the motion, which carried unanimously.

Chair Urban requested a motion to go into Executive Session. Commissioner Hayes moved to go into Executive Session for the purpose of receiving DCI background investigation reports pursuant to Iowa Code Section 21.5(1)g. Commissioner Seyfer seconded the motion, which carried unanimously on a roll call vote.

At the conclusion of the report, Chair Urban requested a motion to leave Executive Session. Commissioner Cutler so moved. Commissioner Harrison seconded the motion, which carried unanimously.

As there was no further business at this time, Chair Urban requested a motion to recess the meeting. Commissioner Hayes moved to recess the meeting until 8:00 AM the following morning. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Urban reconvened the meeting at 8:00 AM on Thursday, October 7th. She recapped the amendments to the agenda, and moved to the welcome. Jesus Aviles, General Manager at Mystique Casino (Mystique), introduced Scott Cooper, the new General Manager at the Diamond Jo (DJ). Mr. Cooper informed the Commission about several initiatives that the DJ and Mystique are working on together, one of them being the upcoming referendum. They are working to canvas the county, and are focusing on the absentee ballot issue as over half of the eligible voters elect to cast their ballot in that manner.

Mr. Aviles extended his welcome on behalf of the Dubuque Racing Association (DRA) board members and the team members at Mystique.

Chair Urban moved to the approval of the minutes. Commissioner Seyfer moved to approve the minutes from the August 26, 2010 Commission meeting as submitted. Commissioner Hayes seconded the motion, which carried unanimously.

Chair Urban moved to the announcements. She advised those in attendance that Jack Ketterer, Administrator of IRGC, has been selected to receive the Regulator of the Americas award from the International Masters of Gaming Law. Mr. Ketterer will receive the award at a reception held in conjunction with the Global Gaming Expo in Las Vegas in November. Chair Urban stated that this is the first time the award has been given to a regulator outside of the major gaming jurisdictions. She commended Mr. Ketterer for the outstanding job he has done in Iowa.

Mr. Ketterer thanked Chair Urban for her kind words, stating that the award is a reflection of the job the Commissioners and staff have done as well. He stated that he will accept the award on behalf of everyone involved with the Commission.

Mr. Ketterer noted that Commissioner Harrison has a conflict, and in the event the meeting is not over by 9:00 AM, she will need to leave. He recognized Scott Franke and Joe Gau, Gaming Representative at DJ and Gaming Representative/Racing Steward at Mystique Casino respectively. Mr. Ketterer also recognized Terry Hirsch, the former Director of Gaming for the Commission.

Mr. Ketterer provided the following information on future Commission meetings:

- November 10, 2010 – Stoney Creek Inn, Johnston, IA (Submissions due by October 27, 2010)
- December 2010 – No Meeting
- January 13, 2011 – Stoney Creek Inn, Johnston, IA (Submissions due by December 29, 2010)
- February 2011 – No Meeting
- March 3, 2011 – Stoney Creek Inn, Johnston, IA (Submissions due by February 17, 2011)

He advised that the November meeting will be on a Wednesday due to the Veteran's Day holiday and is a week earlier due to the Global Gaming Expo the following week. He stated that the Commission will be hearing from the new applicant for the Lakeside Casino, and will be reviewing the license renewal applications for Bluffs Run and Prairie Meadows. Mr. Ketterer noted that there is no meeting in December and February, and that the March 3rd meeting will be the renewal of the excursion gambling boat/gambling structure license renewals. He reminded the licensees that the applications are due in the Commission's office by December 31st.

Chair Urban moved to the contract approval portion of the agenda, and called on Ameristar. Jane Bell, Director of Government Affairs, presented the following contracts for Commission approval:

- Hawkins Construction – Extension of Original Master Agreement
- Thomas Dredging & Excavating – Vessel Slip Maintenance
- Pro-Dive, Inc. – Bow Thruster Repair

Chair Urban called for any questions concerning the contracts. Hearing none, she requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Ameristar. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-101)

Chair Urban called on Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, presented the following contracts for Commission approval:

- Culver's Lawn & Landscape – Snow Removal and Maintenance
- Konami Gaming, Inc. – Daily Fee Lease Agreement
- State University of Iowa Hospital and Clinics – Additional Health Plan Costs for 2010
- Washington County Citizens for Good Jobs – Campaign Funding for Washington County Referendum

Hearing no questions concerning the contracts, Chair Urban requested a motion. Commissioner Harrison moved to approve the contracts as submitted by RCGR. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-102)

Chair Urban called on Lyon County Resort & Casino (Lyon County). Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- Architectural Roofing – Construction – Exterior Wall Panels, Louvers, Flush Wall Panels & Column Covers
- Architectural Roofing – Construction – EPDM Roofing
- Brockway Mechanical & Roofing – Slot Bases
- Brockway Mechanical & Roofing – Construction – Mechanical
- Citizens for Economic Growth in Lyon County – Campaign Funding for Lyon County Referendum
- Doors, Inc. – Construction – Doors, Finish Hardware and Locks, including Hotel Locks
- Lyon & Sioux Rural Water System, Inc. – Construction – Water Connection Fee
- Lyon Rural Electric Cooperative – Construction – Electrical Substation
- Lyon Rural Electric Cooperative – Electrical Power Deposit & Service Agreement
- Myrl & Roy's – Construction – Temporary Paving
- Schelling Construction, Inc. – Construction – Door Installation
- Schelling Construction, Inc. – Construction – Fireplaces
- Schelling Construction, Inc. – Construction – Projection Screens

- Schelling Construction, Inc. – Construction – Specialties
- Schelling Construction, Inc. – Constructions – Stone Countertops & Vanities; Stone Toilet Partitions
- Swanson & Youngdale, Inc. – Construction – Paint, Wall Coverings, Abrasive Resistant Coatings

Mr. Ketterer requested a brief update on the construction, noting that the Commission had received an e-mail from Dan Kehl, Chief Executive Officer, with some pictures. Ms. Haselhoff stated that the project is moving along, but did receive a significant amount of rainfall approximately two weeks ago, causing some paving to be pushed back. She advised that work is progressing on the event center and back of house areas.

Hearing no questions concerning the contracts, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Lyon County. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-103)

Chair Urban called on Isle of Capri Bettendorf (IOCB). Nancy Ballenger, General Manager, presented a contract with Lambourne Environmental Diving Services, L.C. for sediment cleaning/removal under the boat and in the marina.

Hearing no questions concerning the contract, Chair Urban requested a motion. Commissioner Cutler moved to approve the contract as submitted by IOCB. Commissioner Harrison seconded the motion, which carried unanimously. (See Order No. 10-104)

Chair Urban called on DJ. Wendy Runde, Director of Finance, presented the following contracts for Commission approval:

- 7G Distributing – Beer Distributor
- Citizens for Growth Through Continued Gaming – 2010 YES/YES Referendum
- Cumulus Broadcasting – Radio Advertising
- Oky Doky – Convenience Store (Point Partner)
- Radio Dubuque – Radio Advertising
- Telegraph Herald – Newspaper Advertising

Hearing no questions concerning the contracts, Chair Urban requested a motion. Commissioner Hayes moved to approve the contracts as submitted by DJ. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-105)

Chair Urban called on IOC Waterloo. No one was present at this time; however, the Commission addressed the following contracts:

- Myers-Cox Company – Cigarette Vendor

- Dimensional Graphics Corp. – Marketing Vendor for Direct Mailing
- Seamless Exterior – Contractor for LED Lighting

Chair Urban requested a motion. Commissioner Harrison moved to approve the contracts as submitted by IOC Waterloo. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-106)

Chair Urban called on Lakeside Casino. No one was present from the facility at this time. The following contracts were submitted for Commission review:

- Flynn Wright – Marketing Services
- The Printer, Inc. (TPI) – Marketing Services
- VDP Direct, LLC – Marketing Services
- US Foodservice – Food and Supplies for Kitchen

As there were questions concerning the US Foodservice contract, the Commission elected to defer that contract until the November meeting. Chair Urban requested a motion regarding the remaining contracts. Commissioner Seyfer moved to approve the three remaining contracts as submitted by Lakeside. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-107)

Chair Urban called on Catfish Bend Casino (CBC). Rob Higgins, General Manager, presented the following contracts for Commission approval:

- Burlington Auto Finance – Lease of Storage Facility (RP)
- Paltronics – Game System
- Great River Entertainment, LLC – Amended Operating Agreement

Hearing no questions concerning the contracts, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by CBC. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 10-108)

Chair Urban moved to the renewal of the racetrack license and racetrack enclosure gambling license for DRA/Mystique. Roger Hoeger and Brian Carpenter, Assistant General Manager and Director of Racing respectively, were present to address any questions regarding the license renewal application. The first item before the Commission was the approval of the new agreement between DRA and the Iowa Greyhound Association (IGA).

As there were no questions concerning the agreement, Chair Urban requested a motion. Commissioner Hayes moved to approve the purse agreement as submitted by DRA. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-109)

Chair Urban moved to the renewal of the pari-mutuel license and request for race dates. Mr. Hoeger stated that DRA has requested race dates at Mystique from April 30, 2011 through October 30, 2011 with six performances per week for a total of 162 performances. Evening performances and post times requested are Thursday, Friday and Saturday at 7:00 PM. Matinee performances and post times requested are Wednesday, Saturday and Sunday at 1:00 PM. The following additional performances and post times were requested for holidays: Monday, May 30th; Monday, July 4th, and Monday, September 5th. All will have a post time of 1:00 PM. DRA/Mystique has requested the continuation of year-round simulcasting.

Commissioner Harrison asked about live handle revenues. Mr. Hoeger advised that live handle is down slightly, approximately 2%; while simulcast revenues are up approximately 5%. Mr. Ketterer asked if they had increased the number of tracks that they are simulcasting. Mr. Hoeger stated that they were receiving about the same number as last year. Mr. Ketterer advised the Commission members that DRA does not export their signal; that they only receive simulcast signals.

Jim Quilty, legal counsel for the IGA, complimented DRA on their plans for additional seating, an outdoor patio and new windows in the pari-mutuel area. He indicated these were areas of concern raised by the IGA with Mystique; and they are pleased to see the response.

Hearing no further comments or questions concerning the license renewal and application for race dates, Chair Urban requested a motion. Commissioner Harrison moved to approve the renewal application for the pari-mutuel license and the requested race dates as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 10-110)

Chair Urban moved to the renewal of the racetrack enclosure license. Mr. Hoeger provided the following statistics for 2009: DRA paid \$14.6 million to the state; \$8 million to the city of Dubuque; \$359,000 to the County, and \$17.6 million in payroll, taxes and benefits. In addition, purses and purse supplements were approximately \$4.4 million. Mr. Hoeger stated revenues are even, or down slightly, but advised that the property remains profitable.

Mr. Aviles introduced Dan Kruse, Chairman of the DRA Board, who took a moment to welcome the Commission to Dubuque.

Commissioner Hayes asked about the employment levels. Mr. Hoeger advised that they have approximately 360 full-time employees, and slightly more during the racing season. He stated that Mr. Aviles has indicated that any decrease in employment levels would occur through attrition.

Mr. Hoeger noted that the property had undergone a \$13.5 million renovation in 2009, and purchases of goods and services from Iowa vendors, except for gaming equipment, is in excess of 90%.

Hearing no further comments or questions regarding the renewal application, Chair Urban requested a motion. Commissioner Cutler moved to approve the renewal of the racetrack enclosure license and the contracts contained within the renewal application for DRA/Mystique. Commissioner Harrison seconded the motion, which carried unanimously. (See Order No. 10-111)

Chair Urban called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to address the agenda items; the first being an update on the hotel.

Mr. Palmer advised that the hotel project is moving forward; Weitz Construction is working on the necessary elevation of the parking lot for the hotel. That segment is to be completed by October 22nd. Staff is currently working with various groups to put together an RFP to determine whether the hotel will be part of a franchise or if PMR&C will do it on their own.

Chair Urban asked about funding for the project. Mr. Palmer advised that funding is complete, and has been secured through Bankers Trust.

Commissioner Seyfer asked Mr. Palmer about progress on the new lease with Polk County. Mr. Palmer advised that there have been four different meetings with the County; that the parties are getting closer to an agreement, but are not there yet.

Chair Urban inquired if the construction has affected any events scheduled for The Meadows Convention Center. Mr. Palmer answered in the negative. Guests are inconvenienced somewhat by having to enter through the main doors.

Hearing no further comments or questions concerning the hotel, Chair Urban moved to the review of the quarter horse meet and the track surface. Mr. Heldt stated that PMR&C had a great quarter horse meet; that the parties are in the first year of a three-year agreement. There were 26 days of quarter horse racing. He stated that he started recruiting horses, trainers, jockeys and owners in April. Mr. Heldt advised there were 20-25 new quarter horse trainers this year. PMR&C received applications for over 1,250 stalls; however, the highest number of horses on the backside at any given time was 880. Mr. Heldt stated there were nine races many days, and field sizes were up over last year. He stated that he felt the colony of jockeys was probably one of the top colonies in the country. He noted that the trainer and jockey titles for the meet were not decided until the last race on the last night of the meet.

Mr. Heldt stated that the quarter horse filly, Spit Curl Diva, is one of the top fillies in the country. She won a stakes race at PMR&C and set a track record, and went on to win a

stakes race at Lone Star Park just this last weekend. In that race, she was competing against a horse that had won the All American Futurity, and was trying to become the top money earner for all time for quarter horses in the country. Mr. Heldt stated that she is probably one of the top five horses in the country.

Mr. Heldt stated that PMR&C was very happy with the quality of horses, jockeys, trainers, and track surface.

Mr. Heldt stated that dealing with the track surface was a whole new undertaking for the track superintendent and staff. He noted there was always some tension between the thoroughbreds and the quarter horses regarding the track surface. Mr. Heldt advised there were five track records set during the meet; and that the track was kind to the horses. He noted there were three catastrophic injuries; that is something they will work to improve next year. Mr. Heldt felt the meet just concluded was a step in the right direction. He indicated that handle off-track was a little weak while the handle on-track was strong with good attendance on the apron. Mr. Heldt advised that a meeting has been scheduled with the quarter horse representatives to discuss the weaknesses and strengths of the meet; they are looking for ways to improve next year.

Commissioner Hayes commented on an ad for the quarter horse meet that he had seen on television. Mr. Palmer stated that the ad was a joint effort by the quarter horse representatives and the track's marketing group; that everyone was pleased with how it turned out.

Chair Urban asked Mr. Heldt to comment on the track surface report distributed at the August Commission meeting. Mr. Heldt stated that he did not have anything to add to the information distributed; the issue is still synthetic vs. dirt.

Mr. Heldt advised that the standardbreds are racing on a packed surface. Track personnel worked the track surface on Wednesday, Thursday and Friday, and the standardbreds started racing on Saturday. The track was slow on the first day, but adjustments have been made and the drivers have since indicated they are pleased with the surface. Everyone feels it is a safe surface.

With regard to the upcoming referendum in November, Chair Urban stated that she had received a postcard from PMR&C, as well as a robo call. She moved on to the contracts. Mr. Palmer submitted the following contracts for Commission approval:

- Delta Dental – Employee Dental Insurance
- Hawkeye Foodservice Distribution – Food, Equipment & Supplies
- Reinhart Food Service – Food, Equipment & Supplies
- Wellmark Blue Cross Blue Shield of Iowa – Employee Medical Insurance
- Wood Roofing – Roofing Contractor

Hearing no comments or questions concerning the contracts, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by PMR&C. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 10-112)

Chair Urban called on Bob Thursby, General Manager of Lakeside Casino. She explained to Mr. Thursby that the Commission had approved all of the submitted contracts except for US Foodservice as there were questions concerning the contract.

Commissioner Harrison, noting that the contract indicated bids had been received from Martin Brothers and Rinehart, inquired as to the amount of those bids. Mr. Thursby advised that the bid from Martin Brothers was \$819,945, or 35% higher. The bid from Rinehart was \$812,000, or 34% higher. Commissioner Harrison stated that the bids from the other companies would have been helpful to the Commissioners in determining why one vendor was selected over another. Mr. Thursby stated that US Foodservice advised him that they are opening an office in Des Moines.

Hearing no further comments or questions concerning the contract between Terrible's Lakeside and US Foodservice, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contract as submitted. Commissioner Harrison seconded the motion, which carried unanimously. (See Order No. 10-113)

Chair Urban moved to Public Comment, and called on Tom Lepic. Mr. Lepic stated that he addressed the Commission a year ago and asked the Commission to consider giving the quarter horses an opportunity to have a stand-alone meet. He thanked the Commissioners for providing the opportunity; and also thanked Mr. Palmer and Mr. Heldt. He stated that he went to their offices, unannounced last fall and requested a meeting. Mr. Lepic advised that prior to this time, he had not been involved in the process for setting up a meet, but wanted to express some concerns. He stated that Mr. Palmer and Mr. Heldt were very professional and listened to his comments. He further stated that Mr. Heldt and Chad Keller have gone above and beyond in raising the level of the quarter horse meet. During his extensive travels, he kept hearing comments about PMR&C, Mr. Heldt and Mr. Keller. He estimated that PMR&C had the second largest field of horses in the country. He noted that the fields last year averaged 8 horses per race while this year there were 8-9 races per day with an average of 9 horses per race. Mr. Lepic stated there were many races every day where 20-30 horses entered, and Mr. Keller had to keep the owners, trainers and jockeys happy. He advised that he had been approached by numerous individuals who had traveled to various states to race that informed him that no one put on a better meet than PMR&C. Mr. Lepic stated that he feels the quarter horse meet will only improve; that PMR&C has opened the door for quarter horse racing in Iowa. He feels there will be significantly more horses at the meet next year.

Mr. Lepic thanked the Commissioners for their work and due diligence, and efforts in making improvements at PMR&C. He feels the hotel will help the situation at PMR&C tremendously.

Mr. Lepic commented on a recent article by Dan Johnson in The Des Moines Register regarding the decrease in the number of foals born in Iowa. Mr. Lepic indicated the figures contained within the article were correct, but attributed the decrease to the uncertainty surrounding the industry. He stated that six new owners, who have never foaled in Iowa before, have approached him about bringing their mares to Iowa to foal.

As there was no further business to come before the Commission, Chair Urban requested a motion to adjourn. Commissioner Harrison so moved. Commissioner Cutler seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK